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THE DEPUTY SECRETARY OF STATE

WASHINGTON

NSC UNDER SECRETARIES COMMITTEE

SECRET

NSC-U/SM-136

July 23, 1973

MEMORANDUM FOR: ARA - Assistant Secretary Kubisch

Subject: The Panama Canal

Thank you for forwarding to me the Inter-Agency Group's review of our treaty relations with Panama dated July 10, which I have read with interest.

This is an important and appropriate time to examine our treaty position in depth, to assess the possibilities in Congress, and to lay before the President all of the available courses of action.

The basic question is whether the negotiators will be able to arrive at a settlement. Your review and current intelligence assessments indicate that agreement cannot be expected unless at some time the US offer is improved. The extent to which the US offer can be changed, consistent with US interests, is thus a central factor in our Panama policy, as is the question of what effect changes would have on the acceptability of a treaty in Congress.

In light of these circumstances, I ask that the Inter-Agency Group in conjunction with Ambassador Ward expand its paper to address the current treaty offer, and to explore the pros and cons of revising our treaty offer, now or in the future, so as to make possible a settlement consistent with our control and defense objectives.

The following questions should be among those addressed:

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-- Is there a reasonable possibility that agreement on a new treaty can be reached on the basis of terms we are currently offering?

-- If not, what changes in our offer might be necessary to settle?

-- What would be the pros and cons of making such changes?

-- What steps should we take to establish the acceptability of such changes to Congress?

-- What should be the timing of a new offer, if any?

-- What would be the effect on our relations with Panama of deciding to hold closely to our existing position for quite some time?

-- What unilateral changes in the Canal Zone, if any, should we make immediately, regardless of the decision as to changing the treaty offer?

-- Should there be additional changes in the Zone if it is decided to hold the offer more or less in its present form?

The paper might usefully discuss one other option under "Alternative Strategies for the US," namely that of improving our treaty offer under prescribed circumstances while at the same time taking additional unilateral actions. There should be more detailed analysis of Congressional views throughout.

This Inter-Agency review should be submitted to the Under Secretaries Committee for consideration by August 30, 1973.

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In addition, I also request that the Inter-Agency Group undertake a separate study assessing the desirability and feasibility of the following two measures:

-- Transfer of the Southern Command from the Canal Zone (see attached terms of reference); and

-- Appointment of a civilian to head the Canal Zone Government.

This study should also be submitted to the Under Secretaries Committee for consideration by August 30, 1973.

Kenneth Rush

Kenneth Rush
Chairman

Attachment:

Terms of Reference

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